

LAURA N. CHICK  
INSPECTOR GENERAL

STATE OF CALIFORNIA  
**OFFICE OF THE INSPECTOR GENERAL**  
AMERICAN RECOVERY ACT FUNDS

Transmitted via e-mail

March 26, 2010

Mr. Brad Duncan, Chief  
Program Development and Support Division  
California Conservation Corps  
1719 24<sup>th</sup> Street  
Sacramento, CA 95816

Dear Mr. Duncan:

**Final Review Report—California Conservation Corps, Review of the California Energy and Environmental Conservation Recovery Corps Program**

The State of California, Office of the Inspector General (Inspector General), American Recovery and Reinvestment Act (ARRA), conducted a review of the ARRA funds for the California Energy and Environmental Conservation Recovery Corps Program awarded by the California Conservation Corps (CCC).

**SCOPE**

The Inspector General reviewed the following grant agreements for the period July 1, 2009 through December 31, 2009:

<u>Grant Agreement</u>	<u>Grantee Name</u>	<u>Award Amount</u>
09-5310-1020	Conservation Corps North Bay	\$150,000
09-5310-1021	San Gabriel Valley Conservation Corps	\$ 90,000

The review's objectives were to determine whether expenditures were in compliance with applicable laws, regulations, and the grant requirements and if the project was meeting the intended outcomes and outputs. The results of the review are based on our review of documentation and interviews with staff directly responsible for administering ARRA funds.

**METHODOLOGY**

To determine whether expenditures were in compliance with applicable laws, regulations, and the grant requirements, we performed the following procedures:

- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Sampled expenditures and matching funds reported to determine if they were:

- Allowable
- Grant related
- Incurred within the grant period
- Supported by accounting records and documentation
- Properly recorded
- Not reimbursed by another funding source
- Reviewed progress reports and documentation of project progress to determine if the grantee is tracking the actual outcomes and outputs of the grant.

## REVIEW RESULTS

### *Untimely Execution of Grant Agreements*

For both grant agreements reviewed, the grant period began July 1, 2009; however, there was a six-month delay in executing the grant agreements (see Table 1). During this time period, work was being completed and expenditures were being incurred; although, no expenditures were reimbursed until after the agreements were executed.

Table 1. Timeline of Grant Agreement Execution

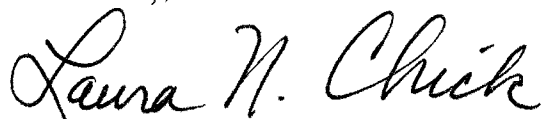
<u>Grant Agreement</u>	<u>Start Date</u>	<u>Execution Date (Grantee)</u>	<u>Execution Date (CCC)</u>
09-5310-1020	July 1, 2009	December 3, 2009	December 23, 2009
09-5310-1021	July 1, 2009	December 29, 2009	January 4, 2010

The CCC should ensure to grant agreements are executed timely to allow proper reimbursement of grantee expenditures and to reduce these risks to the state. Additionally, grantees should not be completing grant-related work without an executed agreement.

The CCC's response has been included in this report. In accordance with the Inspector General's policy of increased transparency, the final report will be placed on our website, <http://www.inspectorgeneral.ca.gov>.

We appreciate the assistance and cooperation of the CCC. If you have any questions regarding this report, please contact, Mary Kelly, Director of Risk Management, at (916) 322-3003.

Sincerely,



Laura N. Chick, Inspector General  
State of California, American Recovery and Reinvestment Act Funds

cc: Ms. Erin Healy, Chief, Administrative Services Division, California Conservation Corps  
Ms. Kris Escarda, Manager, Special Projects Unit, California Conservation Corps  
Mr. Hunt Drouin, Acting Manager, Special Projects Unit, California Conservation Corps



**CALIFORNIA CONSERVATION CORPS**  
**Program Development and Support Division**

1719 24<sup>th</sup> Street, Sacramento, CA 95816  
(916) 341-3180 FAX (916) 324-3347  
www.ccc.ca.gov



March 18, 2010

Ms. Laura N. Chick  
Inspector General, State of California,  
American Recovery and Reinvestment Act Funds  
1400 10th Street, Suite 100  
Sacramento, CA 95814

Dear Ms. Chick:

**Response to Draft Review Report – California Conservation Corps, Review of the California Energy and Environmental Conservation Recovery Corps Program**

This letter serves as formal response to the State of California, Office of the Inspector General (Inspector General), American Recovery and Reinvestment Act (ARRA) report on the review of the ARRA funds for the California Energy and Environmental Conservation Recovery Corps (CEEERC) Program administered by the California Conservation Corps (CCC).

During the review, the Inspector General's representatives determined two [2] issues to be addressed by the CCC:

**1) Untimely Execution of Grant Agreements**

The CCC acknowledges a six [6] month time period between receiving its CEEERC program grant agreement from California Volunteers and executing individual sub-grant agreements with the Conservation Corps North Bay and the San Gabriel Valley Conservation Corps. Contributing factors to this delay include (but are not limited to):

a) Development of a CCC Grant Agreement Template – The CCC conducted extensive research to develop an appropriate sub-agreement template for external program partners. This process included gathering relevant information from other State Agencies who administer ARRA funding. A template for this type of agreement did not exist at the time of the award.

b) Finalization of individual service sites' Scope of Work – The CCC worked with each individual service site to determine the final Scope of Work to be included in their sub-grant agreement. This process involved developing an equitable distribution of work product and program outcomes to cumulatively meet the program expectations outlined with California Volunteers.

c) Service Site Budget Revisions – Once funding for the program was awarded to the CCC by California Volunteers, most service sites requested budget revisions to more appropriately reflect estimated program expenditures. The CCC requested that these budget revisions be approved by California Volunteers prior to entering into individual sub-grant agreements with external program partners.

---

*The young women and men of the Corps work hard protecting and restoring California's environment and responding to disasters, becoming stronger workers, citizens and individuals through their service.*

Please note that while the Project Performance Period on each sub-grant agreement began July 1, 2009, the actual programs did not begin until a later date:

- Conservation Corps North Bay July 20, 2009
- San Gabriel Valley Conservation Corps August 24, 2009

While the delay in executing the sub-grant agreements was admittedly too lengthy, the CCC has learned from this process and is now better prepared to execute the sub-grants in a more expeditious manner, and prior to having any work begin at the sub-grantee level.

## 2) Need to Provide Guidance for Jobs Created/Retained Calculation

The CCC has received different ARRA reporting methodologies and modifications to the methodologies from California Volunteers. In an effort to minimize confusion and simplify the reporting process with sub-grantees, the AmeriCorps Program Coordinator at CCC Headquarters prepares and submits this ARRA report when requested by California Volunteers. The ARRA report is compiled using current service site member enrollment and staffing counts by location. As such, individual service sites only provide the current staffing and member enrollment information when requested by CCC Headquarters with direction provided at that time. For the ARRA reporting period ending March 31, 2010, the CCC will continue to work with the sub-grantees as described to provide accurate jobs created/retained information.

Finally, in the Draft Review Report for the San Gabriel Valley Conservation Corps (SGVCC) program partner, dated March 11, 2010, the Inspector General noted that a review of invoiced expenditures highlighted "Duplicate and Ineligible Grant Expenditures Reported." Some of SGVCC's reported expenditures were not fully in compliance with applicable laws, regulations and grant requirements. The CCC is working with SGVCC to rectify these incorrectly reported amounts and make the necessary invoice adjustments.

The CCC appreciates the guidance and assistance of the Office of the Inspector General.

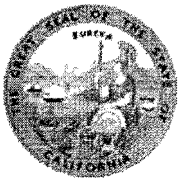
Sincerely,

Brad Duncan  
Chief, Program Development and Support Division  
California Conservation Corps

cc: Ms. Miranda Jackson, Office of the Inspector General  
Ms. Erin Healy, Chief, Administrative Services Division, California Conservation Corps  
Ms. Kris Escarda, Manager, Special Projects Unit, California Conservation Corps  
Mr. Hunt Drouin, Acting Manager, Special Projects Unit, California Conservation Corps

The State of California, Office of the Inspector General of the American Recovery and Reinvestment Act Funds issued a draft review report to the California Conservation Corps (CCC) on March 11, 2010. We received CCC's response to that report on March 23, 2010. The CCC agreed with our observations and we appreciate their willingness to implement corrective actions.

After reviewing CCC's response in regards to the observation titled Need to Provide Guidance for Jobs Created/Retained Calculation, we have removed this observation from the final report. The CCC collects the necessary information from their grantees in order to perform the jobs created/retained calculation themselves. However, if the CCC were to discontinue using this process, additional guidance for the jobs created/retained calculation would need to be provided to the grantees.



LAURA N. CHICK  
INSPECTOR GENERAL

STATE OF CALIFORNIA  
**OFFICE OF THE INSPECTOR GENERAL**  
AMERICAN RECOVERY ACT FUNDS

Transmitted via e-mail

March 11, 2010

Ms. Marilee Eckert, Executive Director  
Conservation Corps North Bay  
27 Larkspur Street  
San Rafael, CA 94901

Dear Ms. Eckert:

**Final Review Report—Conservation Corps North Bay, Review of Grant Agreement  
09-5310-1020**

The State of California, Office of the Inspector General (Inspector General), American Recovery and Reinvestment Act (ARRA), reviewed the ARRA funds for the California Energy and Environmental Conservation Recovery Corps Program awarded by the California Conservation Corps. The Inspector General reviewed grant agreement 09-5310-1020 to the Conservation Corps North Bay (CCNB) in the amount of \$150,000 for the period July 1, 2009 through December 31, 2009. The review's objectives were to determine whether:

- Revenues and expenditures were in compliance with applicable laws, regulations, and the grant requirements.
- The project was meeting the intended outcomes and outputs.
- The number of jobs created/retained were adequately supported and reported.

The results are based on our review of the grant agreement, supporting documentation provided, and interviews with staff directly responsible for administering ARRA funds. Since there were no review findings or issues requiring a response, we are issuing the report as final.

In accordance with the Inspector General's policy of increased transparency, this report will be placed on our website, <http://www.inspectorgeneral.ca.gov>.

We appreciate the assistance and cooperation of the CCNB. If you have any questions regarding this report, please contact, Mary Kelly, Director of Risk Management, at (916) 322-3003.

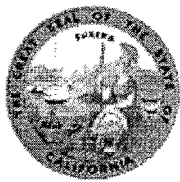
Sincerely,

Laura N. Chick, Inspector General  
State of California, American Recovery and Reinvestment Act Funds

cc: On following page

cc: Ms. Viola Morris, Finance Director, Conservation Corps North Bay  
Mr. Brad Duncan, Chief of Program Development and Support Division, California  
Conservation Corps  
Ms. Erin Healy, Chief of Administrative Services Division, California Conservation Corps  
Ms. Kris Escarda, Manager of Special Projects Unit, California Conservation Corps  
Mr. Hunt Drouin, Bond Program Analyst, California Conservation Corps





LAURA N. CHICK  
INSPECTOR GENERAL

STATE OF CALIFORNIA  
**OFFICE OF THE INSPECTOR GENERAL**  
AMERICAN RECOVERY ACT FUNDS

Transmitted via email

March 17, 2010

Mr. Daniel Oaxaca, Executive Director  
San Gabriel Valley Conservation Corps  
3017 North Tyler Avenue  
El Monte, CA 91731

Dear Mr. Oaxaca:

**Final Review Report—San Gabriel Valley Conservation Corps, Review of Grant Agreement  
09-5310-1021**

The State of California, Office of the Inspector General (Inspector General), American Recovery and Reinvestment Act (ARRA), conducted a review of the ARRA funds for the California Energy and Environmental Conservation Recovery Corps Program awarded by the California Conservation Corps (CCC).

#### SCOPE

The Inspector General reviewed grant agreement 09-5310-1021 to the San Gabriel Valley Conservation Corps (SGVCC) in the amount of \$90,000 for the period July 1, 2009 through December 31, 2009. The review's objectives were to determine whether expenditures were in compliance with applicable laws, regulations, and the grant requirements and if the project was meeting the intended outcomes and outputs.

The SGVCC's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements as well as evaluating the efficiency and effectiveness of the program. We did not assess the efficiency or effectiveness of program operations.

The results of the review are based on our review of documentation and interviews with staff directly responsible for administering ARRA funds. The review was conducted from February 3, 2010 through February 5, 2010.

#### METHODOLOGY

To determine whether expenditures were in compliance with applicable laws, regulations, and the grant requirements, we performed the following procedures:

- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Interviewed key SGVCC personnel to obtain an understanding of the grant-related internal controls.

- Selected a sample of expenditures and matching funds reported for labor costs to determine if they were:
  - Allowable
  - Grant related
  - Incurred within the grant period
  - Supported by accounting records and payroll documentation
  - Properly recorded
  - Not reimbursed by another funding source
- Reviewed progress reports and documentation of project progress to determine if the grantee tracked the actual outcomes and outputs of the grant.

## REVIEW RESULTS

### *Duplicate and Ineligible Grant Expenditures Reported*

The SGVCC's reported expenditures were not fully in compliance with applicable laws, regulations, and the grant requirements. Reported member costs of \$2,897 in September 2009 were already reimbursed by the matching funding source. Administrative costs of \$197 reported in October 2009 were not allowed per the grant agreement and the AmeriCorps Fiscal Policy Manual. Since CCC has not reviewed or approved the submitted reimbursement requests for payment, SGVCC should revise and resubmit their requests. The Schedule of Reported, Allowed, and Questioned Amounts are presented in Table 1.

Table 1: Schedule of Reported, Allowed, and Questioned Amounts

Grant Agreement 09-5310-1021 For the Period July 1, 2009 to December 31, 2009			
<u>Expenditure Category</u>	<u>Reported</u>	<u>Allowed</u>	<u>Questioned</u>
Member Living Allowance	\$ 9,828	\$ 7,371	\$ 2,457
Member Federal Insurance Contributions Act	748	561	187
Member Worker's Compensation	1,012	759	253
Administrative Costs	197	0	197
Total Expenditures	\$ 11,785	\$ 8,691	\$ 3,094

### *Outcomes and Outputs are Being Tracked*

The SGVCC is tracking the outcomes and outputs of the grant to ensure they will be met. Before and after pictures were provided to us for different segments of trail clearing work being completed.

### *Untimely Execution of Grant Agreement*

The grant period began July 1, 2009; however, there was a six-month delay in executing the grant agreement, which was not signed by SGVCC and CCC until December 29, 2009, and January 4, 2010, respectively. During this time period, work was being completed and expenditures were being incurred; although, no expenditures were reimbursed. A separate letter was sent to the CCC to ensure their grant agreements are executed timely to reduce the risk to CCC and the grantee.

The SGVCC's response has been included in this report. The SGVCC agreed with our observations and we appreciate their willingness to implement corrective actions.

In accordance with the Inspector General's policy of increased transparency, this report will be placed on our website, <http://www.inspectorgeneral.ca.gov>.

We appreciate the assistance and cooperation of the SGVCC. If you have any questions regarding this report, please contact, Mary Kelly, Director of Risk Management, at (916) 322-3003.

Sincerely,

Laura N. Chick, Inspector General  
State of California, American Recovery and Reinvestment Act Funds

cc: Mr. David DeMers, Deputy Director, San Gabriel Valley Conservation Corps  
Mr. Brad Duncan, Chief of Program Development and Support Division, California Conservation Corps  
Ms. Erin Healy, Chief of Administrative Services Division, California Conservation Corps  
Ms. Kris Escarda, Manager of Special Projects Unit, California Conservation Corps  
Mr. Hunt Drouin, Bond Program Analyst, California Conservation Corps





**SAN GABRIEL VALLEY  
CONSERVATION CORPS**

3017 North Tyler Avenue, El Monte, CA 91731  
Office: (626) 444-5337 • Fax: (626) 444-5339

State of California  
Office of the Inspector General  
P.O. Box 348780  
Sacramento, CA 95834-8780

15 March, 2010

**RE: 11 March, 2010 - Draft Review Report-San Gabriel Valley Conservation Corps, Review of Grant Agreement 09-5310-1021**

To whom it may concern,

The San Gabriel Valley Conservation Corps (SGVCC) has reviewed the following audit finding from the above referenced letter:

The SGVCC's reported expenditures were not fully in compliance with applicable laws, regulations, and the grant requirements. Reported member costs of \$2,897 in September 2009 were already reimbursed by the matching funding source. Administrative costs of \$197 reported in October 2009 were not allowed per the grant agreement and the AmeriCorps Fiscal Policy Manual. Since CCC has not reviewed or approved the submitted reimbursement requests for payment, SGVCC should revise and resubmit their requests.

Per the finding above, the San Gabriel Valley Conservation Corps (SGVCC) has found that the expense report that was audited had not been submitted for payment since approved invoice documents had not been distributed from the CCC until March 8<sup>th</sup>, 2010. The audit did uncover an error in our allocation that caused the potential for billing costs already billed to another grant. This error has been corrected and the expense report for this period has been adjusted. Actual invoices for this grant are scheduled to be submitted this week and will reflect the change in the expense report based upon the findings in this review.

Please feel free to contact me with any questions or concerns.

Cordially,

David De Mers  
Deputy Director  
626-444-5337  
ddemers@sgvccorps.org

*Building Dreams... Transforming Lives...*